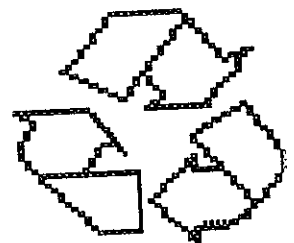




# North Florida Oil, Inc.

PO BOX 157/24133 STATE ROAD 40  
ASTOR, FLORIDA 32102  
(352)759-2895



DECEMBER 8, 1998

NORTH FLORIDA OIL INC, HAS TAKEN CORRECTIVE ACTION IN RESOLVING THE PROBLEMS FOUND DURING A COMPLIANCE INSPECTION ON JULY 7, 1998. THIS WILL BE OUR SECOND RESPONSE TO THIS.

NORTH FLORIDA OIL, INC. HAS IMPLEMENTED A PLAN TO KEEP ALL FILTER DRUMS STORED ON AN IMPERVIOUS SURFACE. FILTER DRUMS THAT ARE COMING IN ARE CRUSHED AND THE EMPTY DRUMS ARE STORED IN A BOX TRAILER, THIS IS DONE ON A DAILY BASIS.

ON OCCASION, OUR FILTER MACHINE GOES DOWN. IF THIS HAPPENS AND IT IS DOWN FOR MORE THAN 24 HOURS AND THE CONTAINMENT PAD IS FULL, AT THAT TIME WE WILL SHIP THE UNCRUSHED FILTERS DIRECTLY TO THE US FOUNDRY. ALSO, IF THE TRAILER IS FULL ANY DRUMS THAT HAVE BEEN NOT CRUSHED OR EMPTIED WILL BE STORED IN THE GARAGE ON AN IMPERVIOUS SURFACE UNTIL THE TRAILER IS EMPTIED AND/OR THE FILTER MACHINE IS UP AND RUNNING AGAIN.

IN THE EXTREME CASE, THE FILTER MACHINE IS DOWN, NO ONE TO CRUSH OR ANY OTHER CASES, NORTH FLORIDA OIL, INC WILL DISCONTINUE PICKING UP FILTERS UNTIL THE PROBLEM IS RESOLVED.

NORTH FLORIDA OIL INC. IS CONFIDENT KEEPING IN COMPLIANCE WITH THE PLAN WE HAVE OUTLINED.

IN REFERENCE TO THE TANKS AND PIPING. ALL VALVES AND PIPING HAVE BEEN REPLACED AND REPAIRED ON TANKS 1, 2 AND 3

TANK #5 IS IN PROCESS OF BEING PAINTED. THIS PROCESS WILL TAKE APPROXIMATELY ONE MONTH.

NORTH FLORIDA OIL, INC. WILL CALL CRINER PETROLEUM TO COME BACK OUT TO OUR FACILITY TO RECERTIFY OUR TANKS. PROCESS TO BE COMPLETED BY JANUARY 8, 1998.